

STATE OF SOUTH CAROLINA

South Carolina Electric & Gas Company Request for
Approval of Contract for Electric Service with Kapstone
Charleston Kraft, LLC

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2008 - 233 - E

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(Please type or print)

Submitted by: K. Chad BurgessSC Bar Number: 69456

Address: SCANA Corp.
1426 Main Street MC 130
Columbia, SC 29201

Telephone: 803-217-8141Fax: 803-217-7931

Other: _____

Email: chad.burgess@scana.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input checked="" type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		



June 13, 2008

VIA HAND DELIVERY

The Honorable Charles Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RECEIVED
JUN 13 2008 1:30
PUBLIC SERVICE
COMMISSION

RE South Carolina Electric & Gas Company
Request for Approval of Contract for Electric Service with Kapstone Charleston
Kraft, LLC

Dear Mr. Terreni:

Pursuant to 26 S.C. Code Ann. Regs. 103-303, South Carolina Electric & Gas Company ("SCE&G" or "Company") hereby files and seeks approval of a Contract for Electric Service ("Contract") between SCE&G and Kapstone Charleston Kraft, LLC ("Kapstone"). Kapstone's parent company, KapStone Paper and Packaging Corporation, recently purchased MeadWestvaco Corporation's North Charleston Kraft Division. As result, Kapstone will operate these facilities focusing on the production of saturating kraft and unbleached kraft board. The Contract governs the Company's electric service to Kapstone's facilities in North Charleston and will expire on December 31, 2018, subject to any extensions of the term of the Contract.

Due to the commercial sensitivity and proprietary nature of certain provisions of this Contract as well as the highly competitive nature of the industry in which Kapstone operates, the Company and Kapstone respectfully request that the Public Service Commission of South Carolina ("Commission") find that the Contract contains protected information and issue a protective order barring the disclosure of this agreement under the Freedom of Information Act, S.C. Code Ann. §§ 30-4-10 *et seq.*, 26 S.C. Code Ann. Regs. 103-804(S)(1), or any other provision of law. Pursuant to S.C. Code Ann. Regs. 103-804(S)(2), the determination of whether a document may be exempt from disclosure is within the Commission's discretion.

To this end, and in accordance with Commission Order No. 2005-226, dated May 6, 2005, in Docket No. 2005-83-A, we enclose with this letter a redacted version of the Contract that protects from disclosure the sensitive, proprietary and commercially valuable information, while making available for public viewing non-protected information. We also enclose a copy of the unredacted Contract and respectfully request that, in the event that anyone should seek disclosure of this unredacted Contract, the Commission notify SCE&G of such request and

(Continued . . .)

provide it with an opportunity to obtain an order from this Commission or a court of competent jurisdiction protecting the Contract from disclosure.

Enclosed are the following:

- (1) A true and correct copy of the original Contract in a sealed envelope marked "CONFIDENTIAL." Each page of the Contract is also marked "CONFIDENTIAL."
- (2) Ten copies of a redacted copy of the Contract for filing and public disclosure.

By copy of this letter, we are providing the South Carolina Office of Regulatory Staff ("ORS") with a redacted copy of the Contract for its records. Additionally, SCE&G will make the original, unredacted copy of the Contract available to ORS for its review.

The Company further requests that the unredacted (sealed) Contract be returned to SCE&G subsequent to the Commission's consideration. The Company prefers that the Commission or its staff not make any copies of the unredacted Contract. However, should any copies of the unredacted Contract be made, SCE&G and Kapstone respectfully request that the Commission provide certification either that all such copies have been destroyed or that all copies have been returned to SCE&G.

Additionally, the Company respectfully requests that the Commission place this matter on its next agenda for consideration by June 25, 2008.

Thank you for your assistance and consideration of this matter. If you have any questions, please do not hesitate to contact us at your convenience.

Very truly yours,



K. Chad Burgess

KCB/kms
Enclosure

cc: Shannon Bowyer Hudson, Esquire
Jack Pringle, Esquire
(both via hand delivery)

ORIGINAL

South Carolina Electric & Gas Company
CONTRACT FOR ELECTRIC SERVICE

This original
to be returned
to SCE&G Company

Effective Date:

Contract No. :

THE PARTIES HEREIN NAMED AGREE TO THE FOLLOWING

Customer's Legal Name: KAPSTONE CHARLESTON KRAFT LLC

Trade or Local Name: KAPSTONE CHARLESTON KRAFT LLC

Premises Served: Kraft Mill

Service Address: 5600 Virginia Avenue, Charleston, SC 29406

Billing Address: Attn: Accounts Payable, PO Box 118005, Charleston, SC 29423-8005

Initial Term Ends: 12/31/2018

Service Date: See Section I

Minimum Notice of Termination: 12 Months after initial term.

Supply: 115 Kv Service Method: Company owned substation

Delivery: 13,800 Volts, 3 Phase, 4 Wire, Wye Connected

Point of Service: Load side of low side switch structures (4 points)

Metered Voltage: 13,800 Volts; Meter Location: Company's substation

Billing Rate : 23 Contract Demand: 71,400 kW Max Firm Capacity: 128,000 KVA
Contract Capacity: 120,250 KVA

SIC: 2421

Special Provisions/Extra Facilities/Explanations: () The purpose of this Contract is to reflect a change in Ownership.

This contract incorporates all general, standard, and special terms hereafter or incorporated by reference, and supersedes all previous oral or written agreements/contracts covering the same service.

KAPSTONE CHARLESTON KRAFT LLC

By: Timothy P. Kennedy

Print: Timothy P. Kennedy

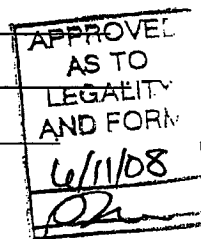
Title: PRESIDENT

SOUTH CAROLINA ELECTRIC & GAS COMPANY

By: Thomas E. Hanzlik

Print: Thomas E. Hanzlik

Title: Manager - Large Customer Group



I. EFFECTIVE DATE, CONTRACT TERM & TERMINATION

- A. The effective date of this Contract shall be the Closing Date of Proposed Sale as described in Letter Agreement dated April 3, 2008 between South Carolina Electric & Gas Company ("SCE&G" or "Company"), MeadWestvaco Corporation ("MeadWestvaco"), MeadWestvaco South Carolina LLC ("MWV SC"), Kapstone Paper and Packaging Corporation ("Kapstone"), and Oak Acquisition LLC ("KS LLC").
- B. It is understood that Kapstone Charleston Kraft LLC ("Customer") and MWV SC will be taking service from SCE&G at the same point of service. For the purposes of this Contract, MWV SC and Customer shall be referred to collectively as "Users".
- C. The initial term of this contract will end on 12/31/2018 at which time Customer may choose from whatever options are then legally available for securing its power supplies.
- D. Termination charges shall include compensation to SCE&G for facilities which have been constructed, operated and maintained in part or whole solely for providing power to the Users (and their predecessors), and an additional charge shall be computed for the value of the Users owned facilities required solely for the terminating service. Such facilities may include but are not limited to items such as SCE&G owned Users substations, non-standard equipment for which the Customer is paying a facility charge and any other equipment dedicated solely for the terminating service. The cost basis for this termination charge shall be the sum of original cost of the specified equipment, less accumulated depreciation through the effective termination date, plus removal and disposal costs (including any associated environmental remediation costs borne by company) less any applicable salvage values. In no case shall the termination charge be less than zero. In recognition of the dual use of substation between Customer and MWV SC loads, Customer will be responsible for 94% of previously described termination charges.

II. GENERAL

SCE&G's GENERAL TERMS AND CONDITIONS dated January 1, 2008 and STANDARD CONDITIONS as revised from time to time are included and are made a part of this agreement. Revisions are effective upon approval by the South Carolina Public Service Commission

III. SERVICE FACILITIES

- A. Customer has requested and SCE&G has agreed that SCE&G will provide electric power and energy service to the lowside of Kapstone Substation (previously known as MeadWestvaco Substation – SCE&G ID # 736). Customer and MWV SC have made arrangements for delivery of power to metering points within MWV SC and Customer's jointly owned distribution system. SCE&G is in no way responsible for distribution of Customer's power and energy between the substation lowside structure and metering locations specified in paragraph V – Metering & Billing.
- B. SCE&G's substation facilities consist of two (2) 115/13.8 KV, 50.4 MVA transformers, two (2) 115/13.8 KV, 28 MVA transformers, together with all necessary conductors, switches, relays and control devices for delivering to Customer and MWV SC the service contracted, all located in SCE&G's substation on Customer's premises. SCE&G shall own, maintain and operate this station without cost to Customer, except as stated under the "Special Conditions" section of this contract.

Approval Initials TPK TEH
For Customer For Company

IV. SPECIAL CONDITIONS

A. 1. Users have requested and SCE&G has installed additional transformer capacity (#4-28 MVA transformer), circuit interrupter, 115 KV bus tie breaker, associated equipment for future ring bus arrangement and voltage regulation load tap changer (LTC) equipment on each of the four (4) power transformers. SCE&G reserves the right to limit excess operation of the load tap changers to avoid premature contact and mechanism failure.

2. In consideration of SCE&G's investment in the above additional facilities, Customer hereby agrees to pay to Company its continuing monthly facility charge, at the current rate of 2.20% of the cost of the #4 - 28 MVA transformer, circuit interrupter, 115 KV bus tie breaker, and associated equipment for future ring bus arrangement hereinafter known as "Package #1," hereby agreed to have a value of \$622,600. It is also agreed that when User' combined load reaches or exceeds 128 MVA for three consecutive months that the value of "Package #1" shall be reduced by the value of transformer #4, hereby agreed to have a value of \$622,600 and the minimum contract demand shall be raised to 95,000 KW. The new minimum contract demand and facilities charge shall be allocated between KCK and MWV based upon the percentage of demand of each customer relative to both customer's demand during the three consecutive months during which the load reaches or exceeds 128 MVA.

3. Customer will also pay to SCE&G its standard monthly facilities charge of 2.20% of the cost of the LTC equipment, hereby agreed to have a value of \$343,000.

4. The above facilities charge rate is subject to change from time to time, but not more often than once per year after the first 12 months of charges, based on SCE&G's related cost factors. Should any of the above listed facilities require replacement (by mutual agreement) the base value on which the facilities charge is calculated will be adjusted up or down to reflect the change in current value of the affected in-place extra facilities.

5. The monthly charge for previously specified Facility Charges shall be allocated between Customer and MWV SC on a percentage basis of Customer at 94% and MWV SC at 6%, unless a different allocation is made pursuant to Paragraph A(2) above when load exceeds 128MVA.

B. At Customers' request and expense, SCE&G has installed: (1) a neutral resistor for each transformer (2) auxiliary "A" and "B" contacts and associated wiring from all power circuit breakers and transformer high side switches to allow customer to sense the open/close position of these switches. (3) a 115 vac, phase to phase potential from 115 KV buses # 1 and #2 (4) tap position indication and control of transformer LTC's (5) 2-20 amp 115 volt AC circuits and (6) 2-20 amp 125 volt DC circuits. These facilities shall be known as "extra facilities," with ownership, except for the neutral resistors (which remain the property of the Customer) vested with SCE&G. SCE&G agrees to inspect these facilities visually in conjunction with its periodic substation inspections, but assumes no responsibility for the operation of the equipment. Should the need for maintenance to or replacement of any of the "extra facilities" be detected by SCE&G, SCE&G will notify Customer and if requested, SCE&G agrees to make such repair or replacement with the cost being paid by Customer and MWV SC on a percentage basis of Customer at 94% and MWV SC at 6%.

C. [REDACTED]

Approval Initials

TPK
For Customer

TEH
For Company

V. METERING and BILLING

- A. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] Billing data access to the electrical billing meters shall be made available to Customer on a continuous basis. Customer may, at any time, upon reasonable notice, request SCE&G to test the accuracy of the electrical billing meter. If the test results, which shall be furnished to Customer, show that the electrical billing meters are inaccurate or defective by more than two percent, the bills for the prior six months or the months since the last meter tests establishing an accurate meter reading, whichever period is shorter, shall be adjusted to correct for the inaccurate readings.
- B. [REDACTED]
[REDACTED]
- C. Customer will provide a dedicated analog phone line for SCE&G's use in collecting meter data from the substation meters.
- D. Since the electric meters in the substation measuring combined MWV SC and Customer loads are in series with the above referenced meters on Breaker 600 and Cable Loft, it is understood by Customer, that SCE&G will subtract MWV SC's electric usage from the substation metered load on an interval by interval basis for the purpose of calculating Customer's energy and demand usage for its monthly bill. Both Users give SCE&G permission to communicate meter loads to the other for the purpose of providing verification of metering calculations and contract compliance.

VI. COMMUNICATION

For the purposes of clarity in regards to operation of SCE&G's substation, it is understood that SCE&G will communicate and coordinate work and settings with the operator of the Powerhouse. The only exception to this shall be in regards to service to the MeadWestvaco Tech Center across Virginia Avenue which will be coordinated with MWV SC, since it is served directly from SCE&G's distribution system.

Approval Initials

TAK
For Customer

TEM
For Company

ATTACHMENT "A"

Approval Initials

TAL

For Customer

TEH

For Company

Page 5 of 7

STANDARD CONDITIONS

Supply and Use: Company agrees to sell and Customer agrees to buy from Company all purchased electric energy, capacity, related transmission services and any related distribution services required by Customer for use on its premises covered hereunder. Resale by Customer of energy, capacity, related transmission or related distribution services is not permitted.

Creditworthiness: Company, in order to satisfy itself of the ability of the Customer to meet its obligations under the contract may conduct periodic reasonable credit reviews in accordance with standard commercial practices. Customer agrees to assist in these reviews by providing financial information and at the request of the Company, will maintain such credit support or surety including but not limited to, an unconditional and irrevocable letter of credit to provide adequate security for protection against the risk of nonpayment.

Service Application, Deposit and Release: Prior to receiving service, Customer or its Agent must: (a) Ensure that an application for service is made to Company, either in person at one of Company's commercial offices or through the Company representative coordinating the service arrangements; (b) Post a service deposit with Company (as determined by Company in accordance with S.C. Public Service Commission regulations), unless waived by Company in favor of other satisfactory assurance for payment of bills; and (c) Ensure that any inspections required by governmental authorities having jurisdiction are completed and notice thereof is given to the Company.

Commencement of New Service: Company and Customer shall make every reasonable effort to have their respective facilities ready for service by the **Service Date** stated on Page 1. If conditions should change, the affected party shall immediately notify the other.

Assignment: Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent may be withheld in the exercise of its sole discretion.

Term: This Contract shall commence on the **Effective Date** (the date on which this contract is fully executed) and shall continue for the full **Initial Term**, unless an early termination is mutually agreed upon. Thereafter, it will extend automatically until terminated by either party giving the other a written **Minimum Termination Notice**. Billing for service rendered hereunder shall commence on the **Service Date** (the date customer contracts for service under the tariff applicable to this contract) or the date that service is first made available, whichever is later, or in accordance with terms stated under **Special Provisions**.

Termination: Should Customer terminate this contract and disconnect service for any reason, either during the initial term or any extension thereof unless waived as provided for herein, Customer shall pay to the Company a facilities termination charge equal to (a) the total installed cost of facilities dedicated solely for serving Customer, (b) less any Customer contribution to construction, (c) less accumulated depreciation of the facilities funded by Company, (d) less salvage value of all facilities dedicated solely for serving Customer, (e) plus the cost of removal (including any associated environmental investigation/remediation costs related to a spill or release of hazardous substances caused by Customer or those paid or incurred by the Company which were not the result of negligence on the part of the Company), all as determined by Company in accordance with its standard accounting practices; provided, however, that the termination charge shall not be less than zero.

Approval Initials

TPK

For Customer

TEH

For Company

Company may waive a portion or all of the termination charges where (1) a successor contract is executed prior to termination of this Contract, or (2) Customer is able to furnish Company with satisfactory evidence that a successor customer will occupy the premises within a reasonable time and contract for substantially the same service facilities. If deregulation should occur during the term of this contract, the above demand termination charge, after deregulation, will be determined by appropriate governing authority(ies) rules at that time. The termination charges above shall not preclude additional termination charges approved by the SCPSC or imposed by law.

Impaired Service: Customer shall be responsible for installing and maintaining on its system such protective equipment as necessary for protecting its equipment from single phase conditions, momentary interruptions or voltage fluctuations arising from conditions on its system or from Company's supply lines. Customer shall not operate its equipment of such nature and in such manner as to impose voltage flicker, surges, or harmonics on Company's system that adversely affects the Company's system or its service to other Customers. Adverse conditions verifiable as of Customer origin shall be corrected promptly by Customer or upon Notice Company may discontinue service until the conditions are corrected. Customer agrees to keep Company equipment unencumbered and accessible at all times.

Load Increase: If Customer contemplates a load increase which may exceed the **Maximum Capacity** stated on Page 1, Customer shall give Company written notice of planned increase, with sufficient lead time for Company to enlarge its facilities. In such cases this Contract may be amended by mutual consent of the parties to reflect any changes in the service characteristics, applicable charges or conditions of service.

Facility Relocation: Should Customer request Company to relocate any of its facilities, or take any action which will require Company to relocate its facilities, Customer shall reimburse Company for the costs incurred.

Hold Harmless: Company and Customer do respectively assume full responsibility for the maintenance and operation of the facilities owned and/or operated by each, and each shall indemnify and except as hereafter limited, shall hold the other harmless from any loss resulting from bodily injury (including death) or damage of property arising directly or indirectly out of any negligent or willful act or failure to act on the indemnitor's part in the installation, maintenance, operation, replacement and/or removal of the facilities owned and operated by each. Neither party shall be liable to the other in any event, whether in contract, tort or otherwise, for any loss of revenue, profits, use of production, costs of capital or purchased or replacement power, interest, business interruption, claims of customers or any other incidental, indirect or consequential damages of any nature whatsoever. Customer(s) acknowledge(s) the presence of overhead and/or underground power lines and understands that contact with them could cause serious injury or death.

South Carolina Public Service Commission: This Contract, the **Billing Rate** referenced on Page 1, and all services rendered hereunder, are subject to the Company's "General Terms and Conditions" as approved by the Commission, and to the "Rules and Regulations" of the Commission, as the foregoing now exist or may be amended in the manner prescribed by law. The billing Rate and General Terms and Conditions are attached and made a part hereof; Rules and Regulations are made a part by reference and are available upon request. This contract is specifically intended to survive deregulation or retail access.

Bold Print Terms: Bold Print terms reference the corresponding completed blanks on Page 1.

Approval Initials

TPK
For Customer

TEH
For Company

GENERAL TERMS AND CONDITIONS

I. GENERAL

A. FOREWORD

1. In contemplation of the mutual protection of both South Carolina Electric & Gas Company and its Customers and for the purpose of rendering an impartial and more satisfactory service, the General Terms and Conditions of the Company are hereby set forth and filed with the Public Service Commission of South Carolina, which has jurisdiction over public utilities, so as to read as hereinafter set forth; the same being incorporated by reference in each contract or agreement for service.
2. These Terms and Conditions are supplementary to the Rules and Regulations issued by the Public Service Commission of South Carolina covering the operation of electric utilities in the State of South Carolina.
3. These Terms and Conditions may be supplemented for specific Customers by contract.
4. South Carolina Electric & Gas Company is referred to herein as "Company", and the user or prospective user is referred to as "Customer". The Public Service Commission of South Carolina is referred to as "Commission".

B. Application

Provisions of these Terms and Conditions apply to all persons, partnerships, corporations or others designated as Customers who are lawfully receiving electric service from Company under the prescribed Rate Schedules or contracts filed with the Commission. Receipt of service shall constitute a contract between Customers and the Company. No contract may be transferred without the written consent of the Company.

C. Term of Service

The rates prescribed by the Commission are based upon the supply of service to each individual Customer for a period of not less than one year, except as otherwise specifically provided under the terms of the particular Rate Schedule or contract covering such service.

D. Terms and Conditions

The Terms and Conditions contained herein are a part of every contract for service entered into by the Company and govern all classes of service where applicable unless specifically modified as a provision or provisions contained in a particular Rate Schedule or contract.

E. Selection of Appropriate Rate

Where two or more Rate Schedules are available, the Company will attempt to assist the Customer to a reasonable extent in determining which Schedule to select. The Company may allow a buildup period not to exceed six months for new and expanding accounts during which time the contract demand and/or minimum demand specified in the Rate Schedule may be waived. It is the responsibility of the Customer to select the Rate and the Company will not assume responsibility for the choice.

F. Temporary Service

Temporary or seasonal service will be furnished under the appropriate General Service Rate Schedule to any Customer. Temporary service shall include all construction services having a life expectancy of one year or less. Payment is required in advance for the full cost of erecting and removing all lines, transformers, and other service facilities necessary for the supply of such service.

G. Statements by Agents

No representative of the Company has authority to modify any Rule of the Commission, provisions of Rate Schedules or to bind the Company by any promise or representation contrary thereto.

II. DEFINITIONS

Except where the context otherwise indicates another or different meaning or intent, the following terms are intended and used and shall be construed to have meanings as follows:

- A. "Day" shall mean period of twenty-four (24) consecutive hours beginning at 12 o'clock Midnight Eastern Time or at such other hours as may be designated.
- B. "Month" or "Billing Month" shall mean the period between any two (2) regular readings of Company's meters which shall not be less than twenty-eight (28) days or more than thirty-four (34) days.
- C. "Year", unless otherwise designated, shall mean a period of 365 days commencing with the day of first delivery of electricity hereunder, and each 365 days thereafter except that in a year having a date of February 29, such year shall consist of 366 days.
- D. "Premises" shall mean home, apartment, dwelling unit, shop, factory, business location (including signs and water and sewage pumps), church, or other building or structure which shelters the Customer for his individual or collective occupancy where all services may be taken from a single connection.
- E. "Service Point" or "Point of Interconnection" shall mean the point at which Company's and Customer's conductors are connected.
- F. "Standard Service" means a single service per premises from one electrical source and from existing overhead facilities.

III. CONDITIONS OF SERVICE

A. GENERAL

The Customer shall consult with and furnish to the Company such information as the Company may require to determine the availability of the Company's Service at a particular location before proceeding with plans for any new or additional electric loads. No new or additional electric loads will be served if it is determined that such service will jeopardize service to existing Customers. Failure to give notice of additions or changes in load or location shall render the Customer liable for any damage to the meters or other apparatus and equipment of the Company, the Customer and/or other Customers caused by the additional load or changed installation.

B. Character of Service

Electric energy supplied by the Company shall be standard alternating current at a frequency of approximately 60 hertz and shall be delivered only at voltages and phases as specified by the Company.

C. Rights-of-Way

The Company shall not be required to extend its distribution and service facilities, for the purpose of rendering electric service to the Customer until satisfactory rights-of-way, easements or permits have been obtained from governmental agencies and property owners, at the Customer's expense to permit the installation, operation, and maintenance of the Company's lines and facilities. The Customer, in requesting or accepting service, thereby grants the Company without charge necessary rights-of-way and trimming and clearing privileges for its facilities along, across, and under property controlled by the Customer to the extent that such rights-of-way and trimming and clearing privileges for its facilities along, across, and under property controlled by the Customer are required, necessary or convenient to enable Company to supply service to the Customer and the Customer also grants the Company the right to continue to extend the Company's facilities on, across, or under property controlled by the customer with necessary trimming and clearing rights to serve other Customers. Customer shall maintain such right-of-way so as to grant Company continued access to its facilities by Company's vehicles and other power-operated equipment.

D. Customer's Installation

Customer's service installations shall be made in accordance with these General Terms and Conditions, Specifications for Service and Meter Installations, existing provisions of the National Electrical Code, the Regulations of the National Board of Fire Underwriters and such other regulations as may be promulgated from time to time by any municipal bureau or other governmental agency having jurisdiction over the Customer's installation or premises.

Customer's wiring and equipment must be installed and maintained in accordance with the requirements of the local, municipal, state, and federal authorities, and the Customer shall keep in good and safe repair and condition such wiring and equipment on Customer's side of the service point exclusive of Company's metering facilities and equipment.

Customer's service entrance requirements shall be stipulated in the Electric Service and Meter Installations Manual, and other manuals published by the Company and approved by the Commission.

Before wiring a premise or purchasing equipment, the Customers shall give the Company notice and shall ascertain from the Company the character of service available at such premises. The Company may specify the voltage and phase of the electricity to be furnished, the location of the meter, and the point where the service connection shall be made.

Customer's service entrance requirements shall be stipulated in the Electric Service and Meter Installations Manual, and other manuals published by the company and approved by the Commission.

It is the standard practice of the Company to provide all requirements of service for the Customer through a single metering point at each premises.

Where more than one service is required by the Customer, and requested services meet all applicable code requirements the Company will provide such additional service upon payment by the Customer to the Company of the charges above the first service. Each service point shall be a separate account. No new service will be connected without proper release from the inspecting authority having jurisdiction. Should there be no inspecting authority in the jurisdiction, the Company shall determine whether or not applicable codes are met and shall have no obligation to provide service until such time as they are met.

Customer shall furnish at his sole expense any special facilities necessary to meet his particular requirements for service at other than the standard conditions specified under the provision of the applicable Rate Schedule. The Customer shall also provide protection for Customer's equipment from conditions beyond the Company's control including, but not limited to, protective devices for single-phase conditions. The Customer shall also provide a suitable place, foundation and housing where, in the judgment of the Company, it is deemed necessary to install transformers, regulators, control or protective equipment on the Customer's premise.

All equipment supplied by the Company shall remain its exclusive property and Company shall have the right to remove the same from the premises of Customer at any time after termination of service for any cause.

Should Customer elect, for any reason, to request relocation of Company's facilities or take any action, which requires such relocation, customer may be required to reimburse the Company for all costs as a result of such relocation. Company may relocate existing service and facilities, at Company's expense, when necessary for system design or operation and maintenance requirements.

The Customer shall be responsible for the protection and safekeeping of the equipment and facilities of the Company while on the Customer's premises and shall not permit access thereto except by duly authorized representatives of the Company. Customer assumes responsibility and liability for damages and injuries caused by failure or malfunctions of Customer's equipment.

E. Special Equipment

Where a separate transformer or other additional electrical utility standard equipment or capacity is to be used to eliminate fluctuations or other effects detrimental to the quality of service to other Customers due to welding or X-ray equipment, etc., the Company may make a reasonable charge for the transformer equipment and line capacity required. In lieu of the above, the Company may require the Customer to either discontinue the operation of the equipment causing the disturbance or install the necessary motor generator set or other apparatus to eliminate the disturbance detrimental to the service of other Customers.

F. Safe Access to Customer's Premises

The duly authorized representatives of the Company shall be permitted safe access to Customer's premises at any and all reasonable times to inspect, operate and maintain the Company's and the Customer's facilities and equipment for any and all purposes connected with the delivery of service, the determination of connected load or other data to be used for billing purposes, the determination of Customer load requirements or the exercise of any and all rights under the agreement.

G. Company's Installation and Service

Where the Customer's requested service to be supplied by the Company does not produce revenue sufficient to support the expenditure required, the Company will determine in each case the amount of payment and form thereof that shall be required of the Customer.

Electricity supplied by the Company shall not be electrically connected with any other source of electricity without reasonable written notice to the Company and agreement by the parties of such measures or conditions, if any, as may be required for reliability of both systems.

Service supplied by the Company shall not be resold or assigned by the Company to others on a metered or unmetered basis; nor shall the Customer's wiring be connected to adjacent or other premises not owned or operated by the Customer without specific written approval of the Company and of the Commission.

The Company's service facilities will be installed above ground on poles or fixtures; however, underground facilities will be provided when requested in accordance with the Company's appropriate underground service publications.

In Areas of Overhead Distribution: The Company will install and maintain an overhead service drop for loads up to 500 KVA from its overhead distribution system to the Customer's service connection provided the transformer can be placed in the proximity of the service point. For residential Customers, if specifically requested by the Customer, the Company will install and maintain a single phase underground service to any residence (terrain permitting) provided the Customer pays in advance the difference in cost between a new overhead service and the new underground service of equal current carrying capacity.

In Areas of Underground Distribution: The Company will install and maintain the necessary underground facilities to provide a point of service at the Customer's property line or at another location designated by the Company. For residential Customers, the Company will install and maintain a single-phase service to the service point as designated by Company, up to a maximum length of 125 feet. If the requested residential service to Company's designated service point exceeds 125 feet in length, the Customer will pay in advance the total additional cost for that portion in excess of 125 feet in length. For underground service other than residential, the Customer shall furnish, install and maintain necessary service conductors and conduit from their service equipment to the Company's designated point of service regardless of meter location.

H. Term of Contract

The Term of Contract for service shall be for a term of one year with automatic renewal except as otherwise provided in the applicable Rate Schedule. Where a large or special investment in service facilities is necessary, or other special conditions exist, contracts may be written for (1) a longer term than specified in the Rate Schedule, or (2) a special guarantee of revenue, or (3) a facility charge, or (4) all of these conditions as may be required to safeguard the Company's investment.

I. Continuance of Service and Liability Therefore

The Company does not guarantee continuous service. Company shall use reasonable diligence at all times to provide uninterrupted service but shall not be liable for any loss, cost damage or expense to any Customer occasioned by any failure to supply electricity according to the terms of the contract or by any interruption or reversal of the supply of electricity, if such failure, interruption or reversal is due to storm, lightning, fire, flood, drought, strike, or any cause beyond the control of the Company, or any cause except willful default or gross neglect on its part.

The Company reserves the right to curtail or temporarily interrupt Customer's service when it shall become necessary in order that repairs, replacement or changes may be made in the Company's facilities and equipment, either on or off Customer's premises.

The Company may impose reasonable restrictions on the use of service during peak periods of excessive demand or other difficulty, which jeopardizes the supply of service to any group of Customers.

The Company may waive any minimum charge or guarantee payments for service upon written notice from and request of Customer during such time as the Customer's plant may be completely closed down as a result of strike, lockout, government order, fire, flood, or other acts of God: provided however, that Customer specifically agrees that the term of the service contract shall be extended for a period equal to the period of enforced shutdown. (See Section VII, Force Majeure).

J. Denial or Discontinuance of Service

The Company may refuse or discontinue service and remove the property of the Company without liability to the Customer, or tenants or occupants of the premises served, for any loss, cost, damage or expense occasioned by such refusal, discontinuance or removal, including but not limited to, any of the following reasons:

1. In the event of a condition determined by the Company to be hazardous or dangerous.
2. In the event Customer's equipment is used in such a manner as to adversely affect the Company's service to others.
3. In the event of unauthorized or fraudulent use of Company's service.
4. Unauthorized adjustments or tampering with Company's equipment.
5. Customer's failure to fulfill his contractual obligations.
6. For failure of the Customer to permit the Company reasonable access to its equipment.
7. For nonpayment of bill for service rendered provided that the Company has made reasonable efforts to effect collection.
8. For failure of the Customer to provide the Company with a deposit.
9. For failure of the Customer to furnish permits, certificates, and rights-of-way, as necessary in obtaining service, or in the event such permissions are withdrawn or terminated.

10. The Company shall not furnish its service to any applicant who at the time of such application is indebted to any member of his household is indebted under an undisputed bill for service, previously furnished such applicant or furnished any other member of the applicant's household or business.
11. The Company may terminate a Customer's service should the Customer be in arrears on an account for service at another premise. For the reason that the Customer's use of the utility service conflicts with, or violates orders, ordinances or laws of the State or any subdivision thereof, or of the Commission.
12. For failure of the Customer to comply with reasonable restrictions on the use of service. The Company may discontinue service without notice for reasons (1), (2), and (3) above. For the remainder of the reasons, the Customer shall be allowed a reasonable time in which to correct any discrepancy.
13. Failure of the Company to terminate or suspend service at any time after the occurrence of grounds therefore or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect the Company's right to later resort to any or more of such rights or remedies on account of any such ground then existing or which may subsequently occur.

K. Reconnection Charge

Where the Company has discontinued service for reasons listed in Section III-J, the Customer is subject to a reconnection charge of \$25.00 in addition to any other charges due and payable to the Company. In cases where both electric and gas service are reconnected at the same time on the same premises for the same Customer, only one charge will be made.

Where the Customer interrupts or terminates service and subsequently requests reconnection of service at the same premises the reconnection charge will apply.

IV. BILLING AND PAYMENT TERMS

A. General

The rates specified in the various service classifications are stated on a monthly basis. Unless extenuating circumstances prevent, the Company will read meters at regular monthly intervals and render bills accordingly. If for any reason a meter is not read, the Company may prepare an estimated bill based on the Customer's average use billed for the preceding 60 days or from other information as may be available. All such bills are to be paid in accordance with the standard payment terms, and are subject to adjustment on the basis of actual use of service as computed from the next reading taken by the Company's representative or for any circumstances known to have affected the quantity of service used. No more than one estimated bill shall be rendered within a 60-day period unless otherwise agreed to by the Customer or allowed by the Commission.

All billing errors shall be adjusted in accordance with the Commission's Rules and Regulations.

B. Customer's Obligations

The Customer is responsible for electricity furnished and for all charges under the agreement until the end of term thereof.

All bills shall be due and payable when rendered. Notice and collection of unpaid bills will be in accordance with the current Rules and Regulations of the Commission.

No Claim or demand which the Customer may have against the Company shall be set off or counterclaimed against the payment of any sum of money due the Company by the Customer for services rendered. All such sums shall be paid in accordance with the agreement regardless of any claim or demand.

Should service be terminated, the Customer's deposit shall be applied to reduce or liquidate the account. Service may be restored upon payment of the account, in full, plus the late payment charge set forth below, the reconnection charge set forth above and a deposit as set forth below.

C. Late Payment Charge

A late payment charge of one and one half per cent (1 ½%) will be added to any balance remaining twenty-five (25) days after the billing date.

D. Deposit

A maximum deposit in an amount equal to an estimated two (2) months (60 days) bill for a new Customer or in an amount equal to the total actual bills of the highest two (2) consecutive months based on the experience of the preceding twelve (12) months or a portion of the year if on a seasonal basis may be required from the Customer as security for payment of the account before service is rendered or continued if any of the following conditions exist:

- (1) The Customer's past payment record to the Company shows delinquent payment practice;
- (2) A new Customer cannot furnish either a letter of good credit from a reliable source or any acceptable cosigner or guarantor on the Company's system to guarantee payment;
- (3) A Customer has no deposit and presently is delinquent in payments;
- (4) A Customer has had his service terminated for non-payment or fraudulent use. All deposits may be subject to review based on the actual experience of the Customer. The amount of the deposit may be adjusted upward or downward to reflect the actual billing experience and payment habits of the Customer.

E. Service Charge

The Company may make reasonable charges for work performed on or services rendered:

- 1) Upon Customer's request at the Customer's premises when, at the time the request is made, service and equipment provided by the Company is in good working condition and in compliance with these General Terms and Conditions, Specifications for Service and Meter Installations, existing provisions of the National Electric Code, the Regulations of the National Board of Fire Underwriters and such other regulations as may be promulgated from time to time by any municipal bureau or other governmental agency having jurisdiction over the Customer's installation or premises;
- 2) To repair, replace, remove or gain access to Company's facilities or equipment where such repair, replacement or removal is made necessary by the willful action(s) of the Customer, members of the Customer's household or invitees of the Customer; or
- 3) To repair, replace, remove or gain access to Company's facilities or equipment where such repair, replacement or removal is made necessary by the negligent failure of the Customer to take timely action to correct or to notify the Company or other responsible party to correct conditions which led to the needed repair, replacement or removal, except that such charges shall be apportioned between the Customer and the Company to the extent that the Customer shall only bear that part of the costs which reflect the costs added by the Customer's negligence. Such charges cannot be assessed where the damage is caused by an Act of God except to the extent that the Customer failed timely to mitigate the damages. Such charges may include labor, material and transportation.

V. COMPANY'S LIABILITY

A. General

The Company shall not be in any way responsible or liable for damages to or injuries sustained by the Customer or others, or by the equipment of the Customer or others by reason of the condition or character of Customer's wiring and equipment, or the wiring and equipment of others on the Customer's premises. The Company will not be responsible for the use; care or handling of electricity delivered to the Customer after it passes the service point. The Customer assumes responsibility and liability for damages and injuries caused by failures or malfunctions of Customer's equipment.

VI. MEASUREMENT OF SERVICE

A. Meter Testing on Request of Customer

The Customer may, at any time, upon reasonable notice, make written request of the Company to test the accuracy of the meter or meters in use for his service. No deposit or payments shall be required from the Customer for such meter test if said meter has been in service at least one year without testing at Company's expense; otherwise the Customer shall deposit the estimated cost of the test; said deposit shall not exceed \$15.00 without the approval of the Commission. The amount so deposited with Company shall be refunded or credited to the Customer, as a part of the settlement of the disputed account if the meter is found, when tested to register more than 2% fast or slow; otherwise the deposit shall be retained by the Company.

B. Adjustments for Inaccurate Meters

Where it is determined that the Company's meter is inaccurate or defective by more than 2% error in registration, bills shall be adjusted in accordance with the Commission Rules and Regulations.

VII. FORCE MAJEURE

A. General

In the event Company is unable, wholly or in part, by reason of Force Majeure to carry out its obligations to provide service under its Rate Schedules or Contracts, the obligations of Company, so far as they are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused but for no longer period and such cause shall, as far as possible, be remedied with all reasonable dispatch.

The term "Force Majeure" as employed herein shall include, but not be limited to acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, extreme weather conditions, storms, floods, washouts, arrest and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines, the maintaining or repairing or alteration of machinery, equipment, structures or lines (which maintaining, repairing or alteration shall, however, be carried out in such manner as to cause the smallest practicable curtailments or interruption of deliveries of electricity), freezing of lines, partial or complete curtailment of deliveries under Company's electric purchase contracts, inability to obtain rights-of-way or permits or materials, equipment or supplies, any of the above, which shall, by the exercise of due diligence and care such party is unable to prevent or overcome, and any cause other than those enumerated herein (whether of the kind enumerated herein or otherwise) not within the control of the person claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the persons affected, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts when such course is inadvisable in the discretion of the person affected thereby.

RATE 23

INDUSTRIAL POWER SERVICE

AVAILABILITY

This rate is available to any customer classified in the major industrial group of manufacturing with 10-14 or 20-39 as the first two digits of the Standard Industrial Classification or 21 or 31-33 as the first two digits of the six digit North American Industry Classification System using the Company's standard service for power and light requirements and having a contract demand of 1,000 KW or over. It is not available for resale service.

CHARACTER OF SERVICE

Alternating Current, 60 hertz, three phase, metering at the delivery voltage which shall be standard to the Company's operation.

RATE PER MONTH

Demand Charge:

First 1,000 KW of Billing Demand	\$ 13,600.00
Excess over 1,000 KW of Billing Demand @	\$ 12.20 per KW

The billing demand (to the nearest whole KW) shall be the greatest of: (1) the maximum integrated fifteen minute demand measured (which may be on a rolling time interval) during the current month; or (2) eighty percent (80%) of the highest demand occurring during the billing months of June through September in the eleven preceding months; or (3) sixty (60%) of the highest demand occurring during the billing months of October through May in the eleven preceding months; or (4) the contract demand; or (5) 1,000 KW.

The customer shall maintain a power factor of as near unity as practicable. If the power factor of the customer's installation falls below 85%, the Company will adjust the billing demand to a basis of 85% power factor.

Plus Energy Charge:

All Kwhrs. @	\$ 0.03541 per Kwhr.
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DISCOUNT

A discount of \$0.60 per KW of billing demand will be allowed when the service is supplied at a delivery voltage of 46,000 volts or higher.

MINIMUM CHARGE

The monthly minimum charge is the demand as determined above. The Company may allow a buildup period not to exceed six months for new and expanding accounts during which time the contract demand and/or the minimum demand specified in the rate schedule may be waived. The Company shall not commit itself to a buildup period exceeding six months without prior approval of the Commission for the specific account involved.

ADJUSTMENT FOR FUEL AND VARIABLE ENVIRONMENTAL COSTS

Fuel cost of \$.02685 per Kwhr. are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

The energy charges above include a storm damage component of \$.00008 per Kwhr. for accumulation of a storm damage reserve.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

TERM OF CONTRACT

The contract terms will depend on the conditions of service. No contract shall be written for a period less than five (5) years. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and a part of this rate schedule.

Effective For Bills Rendered On And
After The First Billing Cycle Of May 2008

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